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*Co-Chairs*

Barry P. Barbash

Paul F. Roye

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Practising Law Institute  
1177 Avenue of the Americas  
New York, New York 10036

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U.S. Securities and Exchange Commission  
Press Release: Hedge Fund Firm and  
Supervisor Charged With Failing to Prevent  
Insider Trading (October 13, 2016)

Submitted by:  
Paul F. Roye

*Capital Research and Management Company*

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## Press Release

### Hedge Fund Firm and Supervisor Charged With Failing to Prevent Insider Trading

#### **FOR IMMEDIATE RELEASE**

**2016-214**

*Washington D.C., Oct. 13, 2016* — The Securities and Exchange Commission today announced that a hedge fund advisory firm and a senior research analyst have agreed to settle charges related to their failures to detect insider trading by one of their employees.

The SEC's order finds that San Francisco-based Artis Capital Management failed to maintain adequate policies and procedures to prevent insider trading at the firm. Artis Capital and specifically the employee's supervisor Michael W. Harden failed to respond appropriately to red flags that should have alerted them to the misconduct. The employee, Matthew G. Teeple, was later charged along with his source David Riley as part of the SEC's broader investigation into expert networks and the trading activities of hedge funds. Teeple and Riley also were charged by criminal authorities and have since received prison sentences.

Artis Capital agreed to settle the SEC's charges by disgorging the illicit trading profits that Teeple generated for the firm totaling \$5,165,862, plus interest of \$1,129,222 and a penalty of \$2,582,931. Harden agreed to pay a \$130,000 penalty and is suspended from the securities industry for 12 months.

"Hedge fund advisory firms and supervisors must take all reasonable measures necessary to prevent insider trading, yet Artis Capital and Harden failed to take any action at all in response to Teeple's highly profitable and suspiciously-timed trading recommendations," said Sanjay Wadhwa, Senior Associate Director of the SEC's New York Regional Office.

Joseph G. Sansone, Co-Chief of the SEC Enforcement Division's Market Abuse Unit, added, "By disgorging the illicit profits that Artis Capital obtained through Teeple's misconduct, this settlement ensures that the firm and Harden will not be rewarded for their negligence."

Artis Capital and Harden consented to the SEC's order without admitting or denying the findings.

The SEC's investigation was conducted by Mark Germann and Charles Riely of the Market Abuse Unit and Janna Berke and Christopher Ferrante of the New York office. The case has been supervised by Mr. Wadhwa and Mr. Sansone. The SEC appreciates the assistance of the U.S. Attorney's Office for the Southern District of New York, Federal Bureau of Investigation, and Financial Industry Regulatory Authority.

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## **Related Materials**

- SEC order

## NOTES

## NOTES